

Minutes*

Senate Committee on Finance and Planning
Tuesday, March 3, 1998
3:15 - 5:00
Room 238 Morrill Hall

Present: Fred Morrison (chair), Jean Bauer, Larry Fonder, Catherine French, Cynthia Gillette, Stephen Gudeman, Gerald Klement, Leonard Kuhi, J. P. Maier, Terry O'Connor, Richard Pfitzenreuter, Jane Phillips, Terry Roe, Charles Speaks, James VanAlstine, Susan Weinberg

Regrets: Peter Robinson

Absent: K. Andrew Hall

Guests: Georgina Stephens; Peter Zetterberg (Office of Planning and Analysis); Assistant Vice President Paul Tschida (Campus Health and Safety), Bob Baker (Parking and Transportation)

[In these minutes: Structure of the office of the Senior Vice President for Finance and Operations; a central bank; risk assessment and analysis in the colleges; parking and transportation issues and recommendations]

1. Office of the Senior Vice President for Finance and Operations

Professor Morrison convened the meeting at 3:15 and began by reporting that the Committee has been asked by the President to think about the role of the office of the Senior Vice President for Finance and Operations. There has been no designation of an acting vice president nor has a search committee been appointed, and there has been some thought given to dividing the office into two or more units.

One idea he has raised with FCC, Professor Morrison related, is to establish (1) an office of facilities and operations, and (2) a finance office. This idea gains support from the observations of the last search committee for the position, which found that candidates were strong in one of the two major areas of responsibility but none were strong in both. There is also the perception that Finance and Operations is partial to buildings and sidewalks, not to programs, faculty, and students, a perception that would be overcome if the purely financial operations were separated from the facilities and operations units.

Questions include whether Finance and Operations should be a single entity or divided into separate functions, the drawing of lines between offices, and the level of the office-holders, Professor Morrison said. The Committee has been asked to think about a long-term solution, and he would like to

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provide the President with a report within the next month.

One Committee member inquired what role the Committee would play in the search(es), and also cautioned that division of the office into two vice presidencies must not lead to an escalation in the number of assistant and associate vice presidents. Professor Morrison speculated that major searches may become more efficient and search committees smaller, but the formal role of the Committee will be to interview finalists.

Another Committee member pointed out that there is cause for concern when one activity subsidizes another, as can happen in a large Finance and Operations, but there may also be economies of scale in the larger organization, in that it will need fewer managers.

Professor Morrison concluded that the administration wants to keep these units focused on an academic direction, and they all serve important functions.

2. Legislative Update

Professor Morrison turned to Mr. Pfutzenreuter for an update on the legislative request.

The Committee had a short discussion of the usefulness of having a "central bank" that could make loans to departments or colleges and who might oversee them. Ms. Stephens explained the process by which internal loans are made. It was noted that CLA has its own bank, which makes interest-free loans, and departments can bank funds; this enterprise helps departments deal with the ebbs and flows of income.

3. Data on Colleges for Risk Assessment

Professor Morrison welcomed Dr. Zetterberg to the meeting to present data his office has compiled on profiles, trends, and measures for the colleges.

Dr. Zetterberg distributed a handout and referred Committee members to a page of data on expenditure measures. His own view, he said, is that little has changed in recent years. It has long been true that the Medical School funded faculty salaries on grants and contracts, for example; if that is a problem, it is no more of a problem now than it has been in the past.

Dr. Zetterberg told the Committee that in his judgment there are three distinct faculty cultures. In the Medical School and Public Health, it is determined by the way NIH funds research; in CLA and IT, it is determined by the way NSF funds research; in Agriculture and related fields it is the way the Department of Agriculture funds (does not fund) research. The differences in the way federal agencies, and the state, funds research affect how units operate.

There is also a difference in appointments; generally speaking, in the Academic Health Center and in Agriculture, faculty have 12-month appointments and in the rest of the University, faculty have 9-month appointments. To the extent there is a concern about how to support tenured faculty in the Medical School if funds dry up, it is a 12-month tenure commitment. In the rest of the University, it is 9 months.

Committee members raised a number of points about the information Dr. Zetterberg provided.

- In CLA, the dean has said that there will be no tenured or tenure-track faculty positions that are not on state funds, except for those on phased retirements. The data suggest that practice is not being followed, but the University takes the position that "state funds" includes tuition. The only risk with tuition is if the students are on strike.

Private institutions fund faculty lines on tuition income every year and do not see it as a risk. It might be argued that tuition dollars and federal dollars are more predictable than state funds.

There is little risk that tuition would drop by 50%, but it could vary by 5% annually; grant funding could drop more.

- These data are not themselves risk analysis; risk analysis would describe the variance in income and the probability of changes, and then the differences in risk between colleges could be identified. Dr. Zetterberg agreed.
- CLA and Law, for example, are much more heavily dependent on tuition than the Medical School; if student numbers decline, they will be hurt more than the Medical School. There WILL be declines as the change to semesters takes place, and CLA is planning for it.
- Dr. Zetterberg noted that in CLA and IT, there is a careful balance between the number of students and faculty; that is not true in some of the AHC schools, which can add faculty and fund them on research dollars--they could keep growing if there were facilities for them, no matter the number of students. There is not necessarily right and wrong involved in these differences.
- Dr. Zetterberg said one should not assume that all faculty are the same and funded in the same way.
- Tuition for graduate and professional students has been rising much more sharply than for undergraduates, which does not contribute to completion and which may violate a contract with students to reasonably allow completion of their degrees. With IMG, there is more motivation to raise tuition.
- Dr. Zetterberg said some may think the allocation of state funds could be the same percentage for all colleges. The instructional base of state funds has been built on the premise that some programs are more expensive than others, and the state has provided more money for such units as Veterinary Medicine. The University did not arbitrarily decide that Veterinary Medicine would receive a high subsidy and CLA a low subsidy.

CLA has contested the subsidy pattern. The data should include information on funding over time, and document the decline in state funds for the University. State guidelines for funding the University have never been revisited. This issue needs an intellectual discussion.

- The percentage of University funds from federal sources peaked in 1972 and has dropped since then, although the number of dollars is increasing. The state provides about 35% of the funding, since the hospital is no longer part of the budget, and it has not historically been higher. The

University is NOT more dependent on federal funds than in the past, and state funds have kept up fairly well.

Professor Morrison thanked Dr. Zetterberg and said the Committee would revisit these issues at its April 7 meeting.

4. Parking and Transportation Issues

Professor Morrison now welcomed Mr. Baker and Mr. Tschida to the meeting, and turned to Professor Gillette to review recommendations from a subgroup of the Subcommittee on Facilities Management. "Deliberations centered around the following issues: the UPass program, parking rates, parking construction, and general parking and transportation policies," and recommendations were presented to the Committee. The Facilities Management Subcommittee endorsed the recommendations.

The first recommendation dealt with the UPass; Mr. Baker's office is urged to "continue to explore with student groups all possible means of implementing a UPass program, including the possibility of a campus wide referendum involving a mandatory fee separate from the Student Services fee. The UPass Program is a good idea with the desirable goals (successfully demonstrated at major universities where similar systems are in place) of increasing mass transit ridership, decreasing campus parking demands, and decreasing the environmental impact of single passenger car use. Support for the UPass program is part of the University Senate Resolution Recommending an Energy and Environmental Conservation Policy."

Professor Gillette said they were concerned the program was dying a slow death, with resistance from the Metropolitan Council and students, but are convinced it would have benefits for the Twin Cities campus. They wish this to be kept a high-profile item and that it be kept affordable and accessible. Mr. Tschida reported that the issue had been brought to the Executive Council, and that President Yudof has asked Vice President Boston to look into it. In the meantime, the existing bus service will remain in place. Mr. Baker said his office continues to work with the Metropolitan Council on it.

One Committee member said that the issue, in student eyes, is not cost-analysis or control, but rather that the student fees should not be used to supplement ANY administrative units, including the DAILY, Recreational Sports, Boynton Health Service, and so on. The UPass will be seen as supporting an administrative unit. The critical issue is the accountability units have to students when student fees are funding a big portion of their budgets; in many instances, there is no accountability.

Professor Gillette said students must be part of the process; Mr. Baker added that as far as his office was concerned, students could run the program. Their interest is only in the potential benefits, such as less congestion, lower costs, less parking on campus, and less pollution.

Asked how many parking spaces are needed, and the extent to which that need is met, Mr. Baker said the University has added 6,000 spaces, but will never meet 100% of the demand, and it should not.

A larger question is whether the University should be in the commuter bus service business at all, Mr. Tschida pointed out. Professor Morrison said there was no question that the University should offer on-campus service, but agreed that the issue of commuter service could be explored.

The second recommendation from the Facilities Management subgroup dealt with parking rates. "Parking rates should be increased in direct proportion to the cost of building and maintaining the parking location. Given that parking and transportation are, by policy and practice, self-supporting services and that future capital needs for parking replacement and expansion exist, parking rates must rise to support the maintenance and construction of parking spaces. Given that surface lots cost considerably less than parking ramps which cost considerably less than garages, rate increases should be proportionally greater for sites which cost more to create and maintain."

One Committee member recalled serving on a group several years earlier, which discovered that parking rates brought in more money than was required to amortize the cost of parking facilities; one question was how to prevent outsiders from calling for the University to spend the money on buses or other projects. Mr. Baker commented that the reserves are now gone, spent mostly on parking projects, and that the current mix of facilities has increased their operating costs (e.g., lighting in ramps is much more extensive than before, and there is more contract parking and student commuter parking, both of which bring in less revenue). There are also more ramps, which cost more.

In addition, one Committee member pointed out, parking reserves were depleted for VERY expensive parking facilities with few spaces (e.g., the Art Museum) and could be spent again that way for the Gateway facility.

The third recommendation from the Facilities Management group was that "the Twin Cities campuses should continue to strive to meet parking needs in a fiscally responsible and environmentally friendly manner while simultaneously promoting mass transit and distant site parking to ease congestion on the central campuses." They also concluded that in terms of "focus on the more cost effective surface lots or the more aesthetically pleasing and environmentally friendly (vehicle runoff is channeled into sewers, not land) ramps and garages," "the answer to this question is situational and cannot be regulated. As University construction expands there is less land available for surface lots. Ramps and garages may be necessitated by physical and architectural site limitations. There will, however, continue to be a need for relatively inexpensive parking exemplified by surface lots."

One Committee member professed dislike for the UPass program and said he drove to campus, and would continue to drive and pay whatever it cost to park. He agreed, however, that if the choice were a \$3 charge in a Kasota lot with shuttle service or an \$8 charge on the campus, he would use the Kasota lot. There needs to be further exploration of this kind of alternative, one Committee member urged. Mr. Tschida pointed out that of the 32 largest metropolitan areas in the U.S., the Twin Cities has the highest dependence on the automobile for transportation--and that that is not likely to change in the next 15-20 years, so neither will the demand for parking on the campus. Mr. Baker also pointed out that there was a "park and ride" lot earlier that was an utter failure.

The fourth recommendation of the group was that a 1992 proposed parking policy should be strengthened and adopted: "The anticipated access demands created by new buildings will be provided for in the planning process." "Future building projects must provide for replacement parking lost in the construction as well as provide for additional parking and pedestrian linkage needs anticipated by the new building." Professor Gillette pointed out that this is not being done consistently, and that "Parking is

seeing a net loss of space for which replacement is not being budgeted." The replacement of JOML is a good example of where this must be done.

The Committee suggested that when there is excess revenue, the money should go toward the building in which the new parking is located.

Professor Morrison said the Committee would make this policy recommendation to the Assistant Vice President for Health and Safety.

Other recommendations from the group included (5) taking steps to "increase the convenience of and access to evening and weekend parking without affecting special events revenues," (6) questioning whether "every committee and interest group should have equal access to representatives from Parking and Transportation should be examined" and suggesting that "identification of one or two key committees which will liaison with Parking and Transportation and forward recommendations on to Central Administration combined with one or two presentations for all other interested parties should be sufficient," and (7) pointing out that "UPass and other parking initiatives, such as rate increases, will be accepted by the University community more readily if presented in the context of an overall parking and transportation strategic plan for the Twin Cities campuses."

With respect to number (5), Mr. Baker pointed out that his office will readily make special arrangements for departments and staff who have unique needs; all they have to do is call his office.

With respect to number (6), Mr. Tschida recalled that last year the unions filed a grievance about the parking rate increases, so this year they are making presentations not only to this Committee, but also to the unions, the P&A committee, the Civil Service committee, and to student groups.

With respect to number (7), Mr. Tschida commented that there has never been a transportation policy set at high levels; it has always been mid-level bureaucrats who have decided on policy. He said he hoped that this could become a higher-level policy. It would also help to have charts and information on a website that people could review.

Professor Morrison then called for a vote on the recommendations; the vote was unanimously in favor. He announced the Committee would discuss the disposition of the recommendations at the next meeting, and would also discuss parking rates. He then adjourned the meeting at 5:00.

-- Gary Engstrand